

**HOW TO TERMINATE A CONTRACT****BY DHS AGENCY (WITH OR WITHOUT CAUSE)**

<b>DHS Agency Responsibilities</b>	<b>BCM Responsibilities</b>
1. Review the original contract for termination requirements. (Service Contract – Part I, Sec. E; Vendor Contract – Attachment A.)	
2. Draft termination letter notifying Contractor of intent to terminate the contract 30 days from the Contractor's receipt of the letter.	
3. Have BCM review termination letter.	
	4. Review the termination letter and provide feedback/corrections to DHS Agency.
5. Send termination letter by certified mail to Contractor's last known business address or principal's address with cc to BCM.	
6. Advise BCM of termination date by providing documentation of delivery date (i.e., the original Certified mail return receipt or returned mail) to be placed in the BCM contract file.	
7. Ensure all open-ended contract approvals in USSDS are terminated.	
<b>8. Verify last service date with your Division's payment and region staff, and coordinate necessary termination activities in FI-NET.</b>	
	9. Mark as terminated and close out of BCMS.
	10. Ensure all contract records in USSDS are terminated.
	11. Fax termination letter to State Finance.
	12. File the termination letter and delivery documentation with the contract.

**CONTRACTOR-REQUESTED TERMINATIONS.**

If the Contractor requests termination of its contract, instruct the Contractor to put the termination request in writing, including the requested contract termination date, and send it to the DHS Agency. Upon receipt, the DHS Agency shall forward a copy of the termination letter to BCM to terminate the contract records indicated in Paragraph 8 and 9 above and file with the contract. The DHS Agency is responsible to ensure all open-ended contract approvals in USSDS are terminated.

**NOTES:** 1. Once a contract has been terminated, it cannot be amended or reinstated through an amendment. 2. Whenever a DHS Agency is terminating a contract, the DHS Agency shall take appropriate steps to minimize disruption of client services, and when necessary, protect client records. 3. If the termination is initiated by the DHS Agency and involuntarily imposed on the Contractor, the DHS Agency Director (rather than Contract Specialist) should sign the termination letter. 4. Thirty (30) day notice (90-day notice for Local Agency Pass-Through Contracts) is required whether the termination is with cause or without cause. The only times a contract may be terminated 30-day notice are: a) when both parties agree to an earlier termination date; b) when a contract violation creates or is likely to create a risk of harm to the clients served under the contract; or c) if another provision of the contract allows immediate termination (generally, there are no other provisions for such action).